

MARKETING & SALES 2.0 RESEARCH PRIMER

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Brand Communities: “It takes a community – not a campaign – to raise a brand”

by Sean Moffitt and Alex Marshall

Dramatic shifts are occurring in how businesses create value through brands. The currency at play is no longer passive consumption and mass communication but customer participation and genuine brand engagement. Brand communities offer an opportunity to create significant brand and business value through member participation. Based on an extensive study of over one hundred brand communities, this primer provides a brief overview of the different ways brand communities create value, using the FLIRT model as a basis for building communities, and the implications for the future of marketing. The primer provides a starting point for companies interested in developing this approach to greater customer involvement. Further development of the FLIRT model, a typology of community participants and roles, community brand success principles, company case studies, and a 50-question brand readiness assessment tool may be found in the full report.

BACKGROUND THE DEVELOPMENT OF BRAND COMMUNITIES

“Individual commitment to a group effort—that is what makes a team work, a company work, a society work, a civilization work.”

—Vince Lombardi, legendary Green Bay Packers coach

A brand community is a group of people whose common interest and connection center on a company, product or brand. Such communities predated the Internet and Web 2.0; for example Tupperware parties and Jeep Jamborees have engaged and leveraged house-wife and owner-loyalty communities across North America since the early '50s.

What the Web 2.0 has done is radically changed our ability to harness and scale community. In many cases for consumers, participation in communities is not only effortless and pervasive but an expected part of the consumer experience. Large consumer brands like Nike, Starbucks and P&G are already enjoying the benefits of strong consumer engagement as a result of their early experiments with community building. Each example of a successfully managed brand community (of which there are hundreds already online) provides us with further insight into best practices for creating sponsored communities from the ground up.

Why is now the time for firms to engage their consumers in brand communities? While the technology has existed for several years, the success of Barack Obama's "Change You Can Believe In" election campaign demonstrated without a doubt the formidable power that brand communities can command. As Arianna Huffington, editor-in-chief of The Huffington Post, said: "Were it not for the Internet, Barack Obama would not be president. Were it not for the Internet, Barack Obama would not have been the nominee."

ARE YOU READY TO BUILD A BRAND COMMUNITY?

In order to help companies assess their readiness for building and maintaining a brand community, the white paper provides a 50 question assessment tool focused on four key areas – business objectives and goals, organizational culture and resources, brand community story and purpose, and customer values.

THE SEVEN MAJOR DIVIDES COMMUNITIES HELP OVERCOME

Recent technological and cultural changes have redefined many things traditionally taken for granted. In order to successfully engage brand communities, marketers and brand-builders will need to take into account a number of divides that have emerged as a result of changing times:

- **The marketing divide:** Formidable hurdles confront traditional branding and broadcast efforts to reach a modern activist customer resulting in a steep drop in the time, attention, trust, and loyalty of customers.
- **The generational divide:** The Net Generation (individuals born between 1977 and 1997) approach their relationships with brands differently. They want a lot of customized benefits and opportunities to participate in product development.
- **The customer experience divide:** Providing a quality product and customer satisfaction is now the price of admission for brands. Potential customers now have the power to assert more control over brands and can determine which brands sink and which brands swim.
- **The media divide:** The content game has changed: almost 50% of online content comes from individuals rather than media sources, and interest in paying for content continues to diminish. Larger content creators must diligently contend with this reality.
- **The technology divide:** Barriers to participate are at an all time low while connections are substantially up and customers are increasingly relying on “people they know” rather than provider companies for their information.
- **The business model divide:** Start-ups that embraced Web 2.0 are using it to reinvent established and seemingly entrenched industries. Firms can no longer assume any superiority in an age where technology allows for radically different business models.
- **The economic divide:** Marketing departments are being asked to do more with less. Community-building offers benefits at reduced costs with the potential for organization-wide impact.

THE SIX WAYS BRAND COMMUNITIES CREATE VALUE

“The desire to be part of a group that shares, cooperates or acts in concert, is a basic human instinct.”

—Clay Shirky

While consumers will enjoy belonging to communities, this alone is not a driving force for a firm to invest their time, energy, and reputation in a brand community. We’ve pinpointed the six principal categories of benefits that organizations have identified in building brand communities:

1. **Brand Advocacy.** Most communities are built to support top line revenue and communication objectives by leveraging the passion and commitment of their members. A well-developed brand community is an excellent tool for brand advocacy because community members feel strongly affiliation with the brand and the community.
2. **Brand Insight.** Brands that best leverage the valuable feedback provided to them by their customers have a competitive advantage. As Michael Dell said to BusinessWeek: “These conversations are going to occur whether you like it or not... do you want to be part of that? My argument is you absolutely do... and you can be a better company by listening and being involved in that conversation.”
3. **Brand Content.** User-generated content is fundamental to growth in the Web 2.0. Marketers have found that customer-developed content creates better products and services while building considerable buzz.
4. **Brand Support.** Communities increase the effectiveness and efficiency of customer support.
5. **Brand Perception.** Communities allow companies and consumers to combine their efforts and create something larger than either could alone. When a community brings people together around something larger than the brand itself, the effects on consumers’ perceptions of the brand can be significant.
6. **Brand Serendipity.** Some surprising consequences of robust brand communities have so far included increased collaboration between companies; employees galvanized in a mission; improved fundraising; better-managed PR crises; and accelerated corporate social responsibility.

“Any brand’s objective is to strike an emotional chord with the consumer, [and] there is no better way than to get them involved in the design and positioning of the brand.”

—Giles Poyner, Boxer design agency

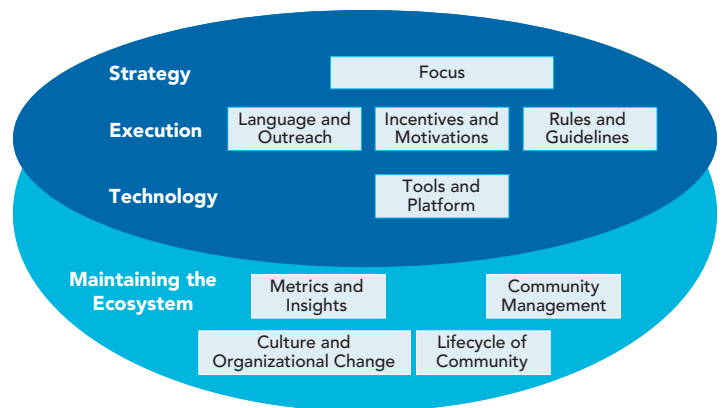
THE FLIRT MODEL FOR SUCCESSFUL COMMUNITIES

“Tribes matter. They always have. Now though, they matter even more. This is a primal human need but the Internet has joined together previously fragmented groups. We need to start embracing this phenomenon and start deciding whether it’s worth the effort. I think it is.”

—Seth Godin, Tribes

Since the art of building brand communities online is new, there are few blueprints to follow. One promising avenue is Finnish community expert and planner Sami Viitamäki’s crowdsourcing model, FLIRT, which is an acronym for the strategy, execution and technology processes involved in building an effective community:

- **Focus:** Where you determine the specific areas, depth, scale and exclusivity of collaboration you want to achieve with your intended community. These organizational and strategic considerations come before you make a single decision about technology or execution.
- **Language and outreach:** The “face” and context in which you present the brand to your potential audience, and the tentacles that extend out to prospective members.
- **Incentives and motivations:** The intrinsic, extrinsic and explicit rewards, motivations, and outputs that members earn for their participation in the community.
- **Rules and guidelines:** The explicit laws and broad principles that govern accepted community norms and activity.
- **Tools and platform:** The technical infrastructure and community activities that optimize user experience and community performance.



ABOVE Figure 1: The FLIRT Model; Source: nGenera Insight

Extensive details on each of the five elements – including ten big brand community ideas that stick, an explanation of the nine different types of community participants, advice on how to scale communities, eighteen successful principles of community authorship, fifteen community tentacles, and advice on how to connect community features to member motivations – are provided in the white paper.

COMMUNITY MAINTENANCE

Brand communities are driven by members, but to grow beyond the first spark of interest, they need benevolent leadership. Accordingly, one of the fastest growing job titles in tech communities (and increasingly in others) is the community manager. Since communities can often take two years or more to mature, community managers need to develop ongoing plans to turn visitors into members into contributors into VIPs.

These actions will help guide the community’s direction to help keep it aligned with the direction of the sponsoring brand. This process of alignment goes both ways: the more

the business is integrated with its brand community, the better the community will work. An understanding of how community tools fit into the company's overall organizational and brand marketing strategy, are important if you want to enroll a larger team in community participation and management.

At some point, ideally, the community hits its stride and the community begins to govern itself as it grows organically.

IMPLICATIONS FOR THE FUTURE OF MARKETING

CMOs urgently need to focus time and energy on the spaces where communities live. The rise of the participatory marketplace and the advance of brand communities is rapidly changing the marketing world in several ways:

- 1. Changing role of the CMO:** In the future, CMOs must lead externalization of the marketing processes—creating more transparent and seamless flow of communication inside and outside the organization, across employees, customers, partners, prospects and detractors alike.
- 2. Focus on people:** Communities are markets of people. The goal to create a listening infrastructure that couples customer support, social media, word of mouth, co-innovation, co-selling, co-supporting and co-marketing with customers is an imperative and takes time and money.
- 3. New marketing skills:** CMOs are now looking for flexible, well-rounded people with strong technical skills, empathy for the customer, and good listening abilities. Marketing people must work collaboratively across the organization and with the community, and in the process instill customer-centricity throughout the company.
- 4. Money and resource allocation:** The future of marketing will be guided not only by these significant media dollar shifts (broadcast to digital), but also by overall redistribution of effort toward the participation marketplace.
- 5. Reinvention of the agency:** Agencies can play a valuable role in using traditional media creativity to deliver engagement and outreach to the community, and apply design and creativity to key community online and offline touchpoints in the future.
- 6. Partnership building:** Insight development, product innovation, third party relationships, and change management skills will enable marketers to build brands effectively in the future.

The Brand Communities paper is part of nGenera Insight's Marketing & Sales 2.0 program, which provides a detailed look at how four forces of change are altering the way customer experiences are being created, communicated and delivered. Examples of upcoming research includes *Rethinking the Brand in the Age of Customer Empowerment*, *The Prosumer Strategy Guide*, *The Nexus of the CMO & CIO*, *Social Gaming*, *Exploring the Twitter Brand Engagement Matrix*, and *Mining your own Business*.

ABOUT THE AUTHORS

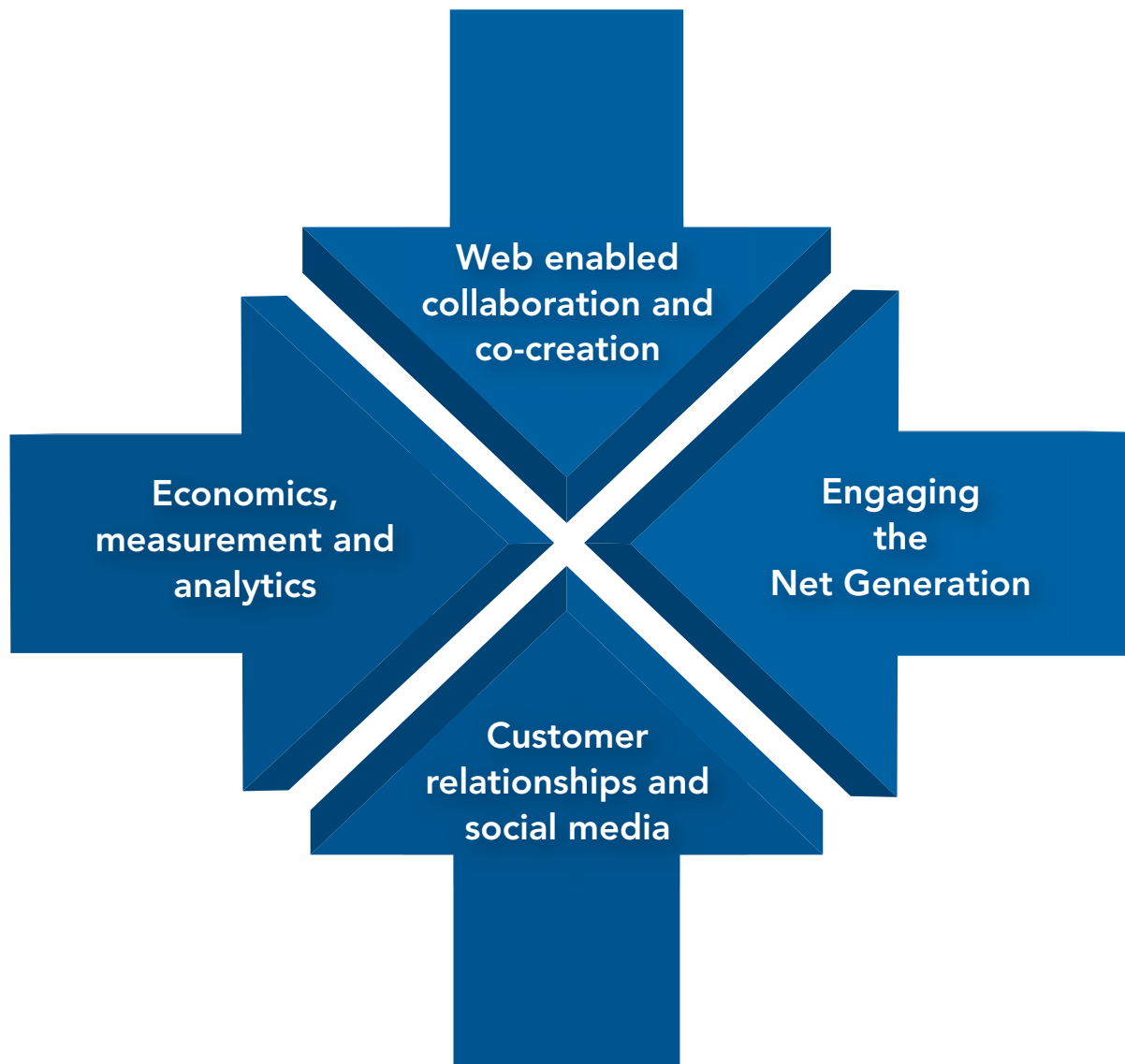


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Alex Marshall was a Research Analyst at nGenera, focused on topics ranging from web-enabled participatory democracy to new models for mobile marketing. He has a degree in Political Science and History, and is currently enrolled in the MBA program at Wilfrid Laurier University, with a focus on international business.

THE FOUR FORCES OF MARKETING AND SALES 2.0



Four forces of change – technological, demographic, social and economic – are acting in concert to fundamentally alter the business landscape. In terms of Marketing & Sales 2.0, the Web 2.0 provides the technological underpinning for new collaboration models. These tools have been most enthusiastically adopted by the Net Generation, but other age groups are rapidly following suit. This has led to the emergence of new social norms and behaviors that are changing the very nature of customer relationships. In turn, the challenge is to develop innovative business models and analytical approaches that account for – and capitalize on – the new economic realities.



About Marketing & Sales 2.0

The complete Brand Communities report is a deliverable of the syndicated research program Marketing & Sales 2.0: Enabling the New Customer Experience. Program membership provides critical data, insights and tools to marketing and sales executives and all managers who have customer-facing responsibilities. Through participation in this initiative, a select group of global organizations who care about harnessing the power that comes from enabling the new customer experience will become uniquely qualified to transform their marketing and sales operations and win in the new marketplace.

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About nGenera

nGenera drives productivity and business velocity by deploying on-demand Collaborative Enterprise Management (CEM) solutions in the world's leading organizations. These innovative solutions combine nGenera's collaborative applications, executive insight, advisory services, and education to deliver critical business outcomes in marketing, sales, IT, HR and operations. For more information, visit www.ngenera.com

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